



---

State of Idaho

Legislative Services Office

Individual Entity Audit Report

---

A communication to the Joint Finance-Appropriations Committee

**IDAHO OILSEED COMMISSION**

**FY 2006 and 2007**

**Report OP99507**  
**Date Issued: May 1, 2008**

*Serving Idaho's Citizen Legislature*

# FOREWORD

---

## PURPOSE OF AUDIT REPORT

Our fiscal/compliance audit of the Idaho Oilseed Commission was made to determine:

1. The adequacy and accuracy of the fiscal records and the reliability of the internal control system in order to issue an opinion on the fairness of the Commission's financial statements.
2. The degree of compliance with various State laws, rules, and regulations affecting the fiscal operations of the Commission.
3. The areas in the financial operations that could be improved.

## SCOPE OF AUDIT

We examined the financial operations of the Commission for the fiscal years ended June 30, 2006 and 2007.

The audit was performed in accordance with auditing standards generally accepted in the United States of America and the fiscal/compliance section of the *Government Auditing Standards* published by the Comptroller General of the United States.

Information contained in this report was gathered from accounting and administrative records. We also interviewed Commission personnel.

## AUDIT AUTHORIZATION

Reported to the Joint Finance-Appropriations Committee as directed by the Legislative Council of the Idaho Legislature, authorized by Idaho Code, Section 67-429.

## ASSIGNED STAFF

Brinton Croff, Staff Auditor

## ADMINISTRATION AND TECHNICAL REVIEW

Don H. Berg, CGFM, Manager, Legislative Audits Division  
Eugene Sparks, CPA, CGFM, Managing Auditor

# TABLE OF CONTENTS

---

Executive Summary .....	1
Agency Response .....	3
Independent Auditor's Report - Unqualified Opinion on Basic Financial Statements .....	4
Statement of Net Assets .....	6
Statement of Activities .....	7
Balance Sheet – Governmental Fund and Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets .....	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund, and Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities .....	9
Notes to Financial Statements .....	10
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	12
Appendix .....	14



## ***EXECUTIVE SUMMARY LEGISLATIVE AUDITS***

### **IDAHO OILSEED COMMISSION**

**PURPOSE AND SCOPE** – We have audited the financial statements of the Idaho Oilseed Commission for the fiscal years ended June 30, 2006 and 2007, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the Commission's financial statements are materially accurate and reliable, and that the Commission complied with laws and regulations affecting fiscal operations.

**CONCLUSION** – We conclude that the Commission's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the Commission's financial statements.

**FINDINGS AND RECOMMENDATIONS** – There are no findings and recommendations in this report or the prior report.

**AGENCY RESPONSE** – The Commission has reviewed the report and is in general agreement with its contents.

**FINANCIAL SUMMARY** – The Commission is primarily funded by a 10¢ per hundred weight tax collected on canola, rapeseed, or mustard sold through primary trade channels in Idaho.

#### **IDAHO CANOLA AND RAPESEED COMMISSION – FINANCIAL STATEMENTS**

##### **BALANCE SHEET**

	June 30, 2007 General Fund
<b>Assets</b>	
Cash and Cash Equivalents	\$30,401
Contributions Receivable	1,395
Total Assets	<u>\$31,796</u>
<b>Liabilities</b>	
Accounts Payable	<u>\$315</u>
Total Liabilities	<u>\$315</u>
<b>Fund Balance</b>	
Unreserved and Undesignated Fund Balance	<u>\$31,481</u>
Total Liabilities and Fund Balance	<u><u>\$31,796</u></u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

	FY 2007
	<u>General Fund</u>
<b>Revenues</b>	
Gross Seed Tax Assessment	\$23,373
Interest Income	37
Total Revenues	<u>\$23,410</u>
<b>Expenditures</b>	
Administrative Expenses	\$15,073
Grant Expenses	9,377
Total Expenditures	<u>\$24,450</u>
Excess (Deficiency) of Revenues	
Over Expenditures - Net Change in Fund Balance	(\$1,040)
Beginning Fund Balance	<u>\$32,521</u>
Ending Fund Balance	<u>\$31,481</u>

**OTHER ISSUES** – We discussed other matters with the Commission which, if addressed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the Idaho Oilseed Commission and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the administrator, Rick Waitley, and his staff.

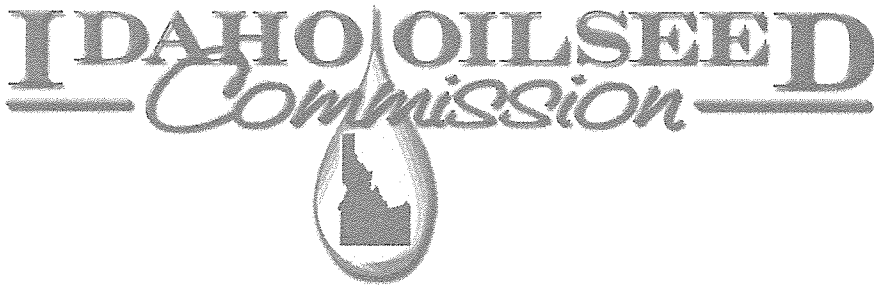
**QUESTIONS CONCERNING THIS AUDIT SHOULD BE DIRECTED TO:**

Don H. Berg, CGFM, Manager, Legislative Audits Division  
Eugene Sparks, CPA, CGFM, Managing Auditor

Report OP99507

# AGENCY RESPONSE

---



April 15, 2008

Brinton Croff  
Legislative Audits  
Statehouse - East Lower Level  
Boise ID 83720

Dear Mr. Croff

This letter is in response to the audit for the Idaho Canola/Rapeseed Commission for the fiscal years of 2006 and 2007. Mr. Ray Ineck, Managing Auditor and you have been most helpful in reviewing our financial records and supporting materials.

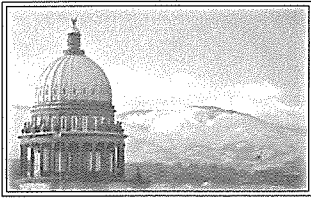
The audit report that was covered with your staff on April 15, will be reviewed in detail with our Commission members. Internal action will be taken to make any adjustments in our procedures to provide a clearer picture of financial items related to the Commission.

Your staff's patience with our winter schedule was very much appreciated. We felt the audit procedures and reporting was done accurately, professionally and with high creditability. We extend our gratitude to the quality staff you have serving in the Legislative Audit Division.

Respectfully

Rick Waitley  
Administrator

K\Masters\audit ltr



# Legislative Services Office Idaho State Legislature

*Serving Idaho's Citizen Legislature*

**Jeff Youtz**  
Director

April 17, 2008

Unqualified Opinion on  
Basic Financial Statements

## Independent Auditor's Report

Rick Waitley, Administrator  
Idaho Oilseed Commission  
55 Southwest 5<sup>th</sup> Avenue, Suite 100  
Meridian, ID 83642

Mike Hubbard, Chair  
Idaho Oilseed Commission  
HCR 61 Box 129-AA  
Bonners Ferry, ID 83805

Dear Mr. Waitley and Mr. Hubbard:

We have audited the accompanying financial statements of the governmental activities and the special revenue fund of the Idaho Oilseed Commission as of and for the years ended June 30, 2006 and 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the special revenue fund of the Commission as of June 30, 2006 and 2007, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2008, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

**Mike Nugent, Manager**  
Research & Legislation

**Cathy Holland-Smith, Manager**  
Budget & Policy Analysis

**Don H. Berg, Manager**  
Legislative Audits

**Glenn Harris, Manager**  
Information Technology



The Commission has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don H. Berg". The signature is fluid and cursive, with a long horizontal stroke at the end.

Don H. Berg, CGFM, Manager  
Legislative Audits Division

STATE OF IDAHO  
IDAHO OILSEED COMMISSION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2006 AND 2007

	June 30, 2006 Governmental Activities	June 30, 2007 Governmental Activities
ASSETS		
Cash and Cash Equivalents	\$31,949	\$30,401
Assessments Receivable	1,597	1,395
Total Assets	<u>\$33,546</u>	<u>\$31,796</u>
LIABILITIES		
Accounts Payable	\$1,025	\$315
Total Liabilities	<u>\$1,025</u>	<u>\$315</u>
NET ASSETS		
Unrestricted	\$32,521	\$31,481
Total Net Assets	<u><u>\$32,521</u></u>	<u><u>\$31,481</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO  
IDAHO OILSEED COMMISSION  
STATEMENT OF ACTIVITIES  
FOR FISCAL YEARS ENDED JUNE 30, 2006 AND 2007

For Year Ended June 30, 2006

<u>Function/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expenses) Revenues and Changes in Net Assets Governmental Activities</u>
Administrative Expenses	\$17,733	\$0	(\$17,733)
Grant Expenses	30,000	0	(30,000)
Total Governmental Activities	<u>\$47,733</u>	<u>\$0</u>	<u>(\$47,733)</u>
General Revenues:			
Seed Tax Assessments, Net Refunds			\$26,965
Interest Income			108
Total General Revenues			<u>\$27,073</u>
Change in Net Assets			(20,660)
Beginning Net Assets			53,181
Ending Net Assets			<u>\$32,521</u>

For Year Ended June 30, 2007

<u>Function/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expenses) Revenues and Changes in Net Assets Governmental Activities</u>
Administrative Expenses	\$15,073	\$0	(\$15,073)
Grant Expenses	9,377	0	(9,377)
Total Governmental Activities	<u>\$24,450</u>	<u>\$0</u>	<u>(\$24,450)</u>
General Revenues:			
Seed Tax Assessments, Net Refunds			\$22,750
Interest Income			37
Other			623
Total General Revenues			<u>\$23,410</u>
Change in Net Assets			(1,040)
Beginning Net Assets			32,521
Ending Net Assets			<u>\$31,481</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO  
IDAHO OILSEED COMMISSION  
BALANCE SHEET  
GOVERNMENTAL FUND  
AS OF JUNE 30, 2006 AND 2007

	June 30, 2006 <u>General Fund</u>	June 30, 2007 <u>General Fund</u>
ASSETS		
Cash and Cash Equivalents	\$31,949	\$30,401
Assessments Receivable	<u>1,597</u>	<u>1,395</u>
Total Assets	<u>\$33,546</u>	<u>\$31,796</u>
LIABILITIES		
Accounts Payable	<u>\$1,025</u>	<u>\$315</u>
Total Liabilities	<u>\$1,025</u>	<u>\$315</u>
FUND BALANCE		
Unreserved and Undesignated Fund Balance	<u>\$32,521</u>	<u>\$31,481</u>
Total Liabilities and Fund Balance	<u><u>\$33,546</u></u>	<u><u>\$31,796</u></u>

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO STATEMENT OF NET ASSETS

	<u>FY 2006</u>	<u>FY 2007</u>
Total Fund Balance for Governmental Funds	\$32,521	\$31,481
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
There are no reconciling differences	<u>0</u>	<u>0</u>
Net Assets of Governmental Activities	<u><u>\$32,521</u></u>	<u><u>\$31,481</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO  
IDAHO OILSEED COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2007

	FY 2006 General Fund	FY 2007 General Fund
REVENUES		
Gross Seed Tax Assessment	\$26,965	\$23,373
Interest Income	108	37
Total Revenues	<u>\$27,073</u>	<u>\$23,410</u>
EXPENDITURES		
Administrative Expenses	\$17,733	\$15,073
Grant Expenses	30,000	9,377
Total Expenditures	<u>\$47,733</u>	<u>\$24,450</u>
Excess (Deficiency) of Revenues		
Over Expenditures - Net Change in Fund Balance	(\$20,660)	(\$1,040)
Beginning Fund Balance	53,181	32,521
Ending Fund Balance	<u>\$32,521</u>	<u>\$31,481</u>

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO  
THE STATEMENT OF ACTIVITIES

	FY 2006	FY 2007
Net Change in Fund Balances - Government Funds	<u>(\$20,660)</u>	<u>(\$1,040)</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
There are no reconciling differences	<u>0</u>	<u>0</u>
Change in Net Assets of Government Activities	<u>(\$20,660)</u>	<u>(\$1,040)</u>

The accompanying notes are an integral part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

---

## NOTE #1

### *SIGNIFICANT ACCOUNTING POLICIES*

#### FINANCIAL REPORTING ENTITY

The financial statements of the Idaho Oilseed Commission have been prepared in conformity with United States generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

#### BASIS OF PRESENTATION

##### Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities report all activities of the Commission as governmental activities. These activities are financed primarily by the tax collected on canola, rapeseed, and mustard sold through the primary market in Idaho.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission. Direct expenses are those specifically associated with a function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by recipients for goods or services offered by the program. Revenues not classified as program revenues are presented as general revenue. The Commission has no program revenues.

##### Fund Financial Statements

The fund financial statements provide information about the Commission's Special Revenue Fund, and differ from government-wide financial statements as explained below.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

##### Government-Wide Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the statement of net assets. Revenues are recorded when earned, and

expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

#### Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available. The Commission considers all revenues reported in the Special Revenue Fund to be available if the revenues are collected within 60 days following year-end. Canola, rapeseed, and mustard tax assessments and interest are considered to be susceptible to accrual. Expenditures are recorded when the related liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. The Commission did not acquire any capital assets in fiscal year 2006 or fiscal year 2007.

#### BUDGETS AND BUDGETARY ACCOUNTING

The Commission adopts an annual budget on a cash basis. Idaho Code, Section 22-4711, provides the Commission with a continuous appropriation, therefore, spending authority is not limited by the legislature.

#### OTHER

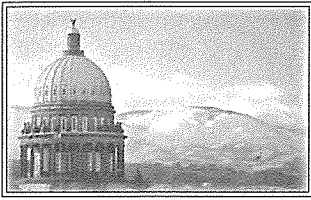
Refunds received are credited to the original expenditure classification.

The Commission does not have any employees. All administrative activities are contracted.

#### **NOTE #2**

##### ***CASH AND INVESTMENTS***

The ending cash balances at June 30, 2006 and 2007, consist of checking and savings deposits of \$31,949 and \$30,401, respectively, that are insured by the Federal Deposit Insurance Corporation (FDIC).



# Legislative Services Office Idaho State Legislature

*Serving Idaho's Citizen Legislature*

**Jeff Youtz**  
Director

April 17, 2008

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial  
Statements Performed in Accordance  
With Government Auditing Standards

Rick Waitley, Administrator  
Idaho Oilseed Commission  
55 Southwest 5<sup>th</sup> Avenue, Suite 100  
Meridian, ID 83642

Mike Hubbard, Chair  
Idaho Oilseed Commission  
HCR 61 Box 129-AA  
Bonners Ferry, ID 83805

Dear Mr. Waitley and Mr. Hubbard:

We have audited the financial statements of the Idaho Oilseed Commission as of and for the years ended June 30, 2006 and 2007, and have issued our report thereon dated April 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph, and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with generally accepted accounting principles such that there is more than a remote

**Mike Nugent, Manager**  
Research & Legislation

**Cathy Holland-Smith, Manager**  
Budget & Policy Analysis

**Don H. Berg, Manager**  
Legislative Audits

**Glenn Harris, Manager**  
Information Technology

Statehouse, P.O. Box 83720  
Boise, Idaho 83720-0054

Tel: 208-334-2475  
[www.legislature.idaho.gov](http://www.legislature.idaho.gov)



likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies described below to be significant deficiencies in internal control.

**2007-01** Government Auditing Standards place the responsibilities on management for the preparation of the comprehensive financial statements and notes for the audit report. The Commission does not have an internal control system designed to provide for the preparation of the comprehensive financial statements being audited. As auditors, we were requested to draft the comprehensive financial statements and notes from the Commission's accounting system. This circumstance is not unusual for an entity the size of the Commission. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**2007-02** Accounting duties are not adequately segregated due to limited staff within the entity. In order to mitigate the effects of this situation, we recommend that the administrator receive and review the monthly bank statements and canceled checks, and review the completed bank reconciliations.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control. These significant deficiencies are not classified as material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Idaho Oilseed Commission and the Idaho Legislature and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don H. Berg", with a stylized flourish at the end.

Don H. Berg, CGFM, Manager  
Legislative Audits Division

# APPENDIX

---

## **HISTORY**

The Idaho Oilseed Commission was created by law in 1996 by the Idaho Legislature. Statutory authority for the Commission is contained in Idaho Code, Title 22, Chapter 47, known as the Idaho Oilseed Commission.

## **ORGANIZATION**

The Commission comprises three members: one from north of the Salmon River, one from south of the Salmon River, and one member-at-large. The Commission contracts for administrative and bookkeeping services.

## **PURPOSE**

The purpose of the Commission is to improve production of and expand markets for canola, rapeseed, mustard, and other oil crops. This is accomplished through marketing, education, and promotion.

## **FUNDING**

The Commission is funded by an assessment of 10 cents per hundred weight on all canola, rapeseed, or mustard sold or contracted in Idaho. The assessment is collected when the seed is sold to the first buyer.